



**MORGAN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-105
September 28, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Morgan, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Morgan County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Over the past decade, the Morgan County Commission established thirteen neighborhood improvement districts to develop certain roads in the respective districts. As noted in prior audits, the county has included a maintenance levy in the special assessments levied to landowners of the neighborhood improvement districts. The county assessed this maintenance levy on all thirteen projects at the time of their creation and continues to assess and collect this maintenance levy.

Prior to August 1994, state statute and the ballot wording did not provide for the assessment and collection of the maintenance levy. Current state law allows the county to obtain voter approval for the assessment and collection of this levy after the bonds issued to fund the project are fully repaid. The County has never obtained such voter approval for the first five projects. Also, for these projects and five additional projects established between August 1994 and January 1999 the county is collecting the maintenance levy even though the bonds for these projects have not yet been paid in full.

For the three most recent projects, established in 1999 and 2000, voters passed an additional ballot issue specifically authorizing the collection of a maintenance levy during the period that the project bonds are outstanding. However, there is no statutory authority allowing the county to vote for, assess, or collect a maintenance levy during the period that the bonds are outstanding.

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YELLOW SHEET

While the County Commission believes they are operating within the original intent of the legislation, they have not obtained a written legal opinion in support of their positions and actions.

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1998 Morgan County's Associate County Commissioners salaries were each increased approximately \$6,390 yearly, according to information from the Presiding Commissioner.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners who served one, two, and three years, totaling approximately \$6,390, \$12,780, and \$19,170, for the three years ended December 31, 2000, should be repaid. In addition, other officials also received raises within their term of office. Any raises given to other officials within their term of office should also be re-evaluated for propriety.

- The county has not sufficiently reduced its general revenue property tax levy to reduce property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Morgan County voters under state law. Procedural errors, combined with actual sales tax collections exceeding estimated amounts, has resulted in the county having collected excess property tax revenues totaling approximately \$51,000. The County Commission reduced the General Revenue fund tax levy approved in August 2001 to adjust for the prior excess collections.
- The Prosecuting Attorney has not established adequate controls or records for the handling of court ordered restitution, bad check restitution and bad check collection fees. Duties are not adequately segregated, receipts are not deposited timely, and monthly listings of open items are not prepared or reconciled to cash balances. In addition, an adequate system has not been developed to account for all bad check complaints received and their ultimate disposition.
- The Sheriff has not adequately segregated accounting duties, and the escrow account contains large old outstanding checks or open items which should be researched and disposed of properly. Also, inmate and commissary monies are not accounted for properly, including the failure to issue receipt slips for some monies, returning some monies in the form of cash, not reconciling the bank accounts to individual prisoner records, and not performing some bank reconciliations. The Sheriff's Office could not adequately account for approximately \$3,300 in inmate and commissary receipts due to the lack of controls and poor record keeping.

The audit also suggested improvements to the schedule of expenditures of federal awards, published financial statements, budgetary practices, bidding procedures, fixed assets, apportionment of railroad and utility taxes, and collateral security. The audit also noted improvements needed in the accounting controls of the Health Center Board and the Senior Citizen Service Board. Several of these issues have been mentioned in prior audits.

All reports are available on our website: www.auditor.state.mo.us

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Morgan County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Morgan County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 12, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Morgan County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

July 12, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Anissa Falconer
	Thomas Fox
	Turan Hirji



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Morgan County, Missouri

We have audited the special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Morgan County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-1 and 00-2. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Morgan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Morgan County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 12, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

MORGAN COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 844,321	1,750,652	1,557,857	1,037,116
Special Road and Bridge	1,010,433	1,418,462	1,453,519	975,376
Assessment	980	301,646	302,626	0
Law Enforcement Training	3,479	3,231	3,185	3,525
Prosecuting Attorney Training	7,906	1,041	0	8,947
Johnson Grass	19,407	1,107	4,701	15,813
911	0	380,948	379,104	1,844
Local Emergency Planning Committee	6,522	2,773	3,064	6,231
Prosecuting Attorney Delinquent Sales				
Tax Collection	10,315	995	709	10,601
Recorder's User Fees	18,169	16,930	20,778	14,321
Domestic Violence	641	854	16	1,479
Bad Check Collection	3,491	29,710	22,054	11,147
Prosecuting Attorney Library	5,899	6,180	6,655	5,424
Law Enforcement Sales Tax	183,770	1,363,436	1,537,746	9,460
Neighborhood Improvement District				
Debt Service	1,114,352	436,691	1,044,334	506,709
Neighborhood Improvement District				
Maintenance	275,156	465,291	0	740,447
Sheriff Fees	11,034	21,668	26,764	5,938
POST	2	2,265	2,267	0
K-9 Drug Dog	406	1,679	2,085	0
Election Services	0	1,776	113	1,663
Neighborhood Improvement District				
Debt Service Reserve Fund	0	183,000	0	183,000
Health Center	221,368	547,545	584,170	184,743
Senate Bill 40	57,760	128,286	103,392	82,654
Senior Citizens Service	19,976	118,538	107,733	30,781
Circuit Clerk Interest	24,031	5,057	6,471	22,617
Associate Circuit Court Interest	15,384	2,492	937	16,939
Neighborhood Improvement District				
Dun Wandrin Construction	0	119,361	104,001	15,360
Neighborhood Improvement District				
Viewside Road Construction	0	112,914	108,538	4,376
Neighborhood Improvement District				
Pelican Point Road Construction	0	90,920	76,156	14,764
Local Law Enforcement Block Grant	16,376	25,261	18,773	22,864
Family Access	964	185	0	1,149
Sheriff's Drug Seizure	325	12	0	337
Jury Scrip	9,290	0	6,144	3,146
Total	\$ 3,881,757	7,540,906	7,483,892	3,938,771

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MORGAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 663,235	1,598,029	1,416,943	844,321
Special Road and Bridge	555,101	1,702,428	1,247,096	1,010,433
Assessment	95	293,668	292,783	980
Law Enforcement Training	3,232	3,271	3,024	3,479
Prosecuting Attorney Training	7,236	1,096	426	7,906
Johnson Grass	22,329	1,699	4,621	19,407
911	0	362,243	362,243	0
Local Emergency Planning Committee	9,015	1,317	3,810	6,522
Prosecuting Attorney Delinquent Sales				
Tax Collection	10,101	2,805	2,591	10,315
Recorder's User Fees	19,904	17,043	18,778	18,169
Domestic Violence	623	779	761	641
Bad Check Collection	16,674	24,215	37,398	3,491
Prosecuting Attorney Library	4,091	6,250	4,442	5,899
Law Enforcement Sales Tax	128,251	1,078,281	1,022,762	183,770
Neighborhood Improvement District				
Debt Service	1,011,839	886,706	784,193	1,114,352
Neighborhood Improvement District				
Maintenance	160,710	114,446	0	275,156
Sheriff Fees	6,803	25,412	21,181	11,034
POST	0	1,445	1,443	2
Neighborhood Improvement District				
135-12 Construction	179	10	189	0
Neighborhood Improvement District				
TT1/TT1A Construction	46,242	1,723	47,965	0
K-9 Drug Dog	1,043	297	934	406
Neighborhood Improvement District				
Y-20B Construction	12,314	465	12,779	0
Health Center	244,161	477,264	500,057	221,368
Senate Bill 40	33,745	130,197	106,182	57,760
Senior Citizens Service	0	20,282	306	19,976
Circuit Clerk Interest	19,204	6,020	1,193	24,031
Associate Circuit Court Interest	12,592	2,915	123	15,384
Local Law Enforcement Block Grant	20,187	812	4,623	16,376
Family Access	0	964	0	964
Sheriff's Drug Seizure	0	5,300	4,975	325
Jury Scrip	0	15,680	6,390	9,290
Total	\$ 3,008,906	6,783,062	5,910,211	3,881,757

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
		Variance			Variance	
	Budget	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,111,827	7,192,253	80,426	6,122,495	6,740,024	617,529
DISBURSEMENTS	7,466,258	7,170,280	295,978	6,576,610	5,893,917	682,693
RECEIPTS OVER (UNDER) DISBURSEMENTS	(354,431)	21,973	376,404	(454,115)	846,107	1,300,222
CASH, JANUARY 1	3,834,829	3,854,802	19,973	2,990,713	2,988,719	(1,994)
CASH, DECEMBER 31	3,480,398	3,876,775	396,377	2,536,598	3,834,826	1,298,228
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	266,000	280,883	14,883	255,000	266,382	11,382
Sales taxes	800,000	833,588	33,588	701,000	774,238	73,238
Intergovernmental	18,305	32,264	13,959	21,200	18,360	(2,840)
Charges for services	378,875	482,896	104,021	410,750	450,983	40,233
Interest	40,000	42,363	2,363	33,000	40,349	7,349
Other	12,500	33,658	21,158	16,200	44,431	28,231
Transfers in	47,500	45,000	(2,500)	54,590	3,286	(51,304)
Total Receipts	1,563,180	1,750,652	187,472	1,491,740	1,598,029	106,289
DISBURSEMENTS						
County Commission	104,596	103,472	1,124	103,041	102,980	61
County Clerk	98,800	91,916	6,884	87,010	86,429	581
Elections	26,600	23,356	3,244	9,250	1,951	7,299
Buildings and grounds	62,320	51,915	10,405	36,300	34,546	1,754
Employee fringe benefits	63,000	60,215	2,785	57,500	54,010	3,490
County Treasurer	34,060	33,078	982	33,760	33,067	693
County Collector	107,280	111,127	(3,847)	108,780	96,158	12,622
Ex Officio Recorder of Deeds	56,119	49,563	6,556	49,158	49,834	(676)
Circuit Clerk	10,640	13,293	(2,653)	9,600	10,165	(565)
Associate Circuit Court	31,000	23,760	7,240	21,230	17,760	3,470
Court administration	1,800	0	1,800	0	0	0
Public Administrator	34,623	32,024	2,599	41,494	35,305	6,189
Prosecuting Attorney	135,895	140,198	(4,303)	135,613	108,811	26,802
Juvenile Officer	46,372	43,952	2,420	76,153	49,974	26,179
County Coroner	22,700	16,250	6,450	18,640	20,495	(1,855)
Circuit Judges-Div. 1 & 2	8,897	7,318	1,579	8,897	2,192	6,705
Insurance	15,000	39,268	(24,268)	28,000	14,841	13,159
University Extension Service	29,324	24,864	4,460	28,638	27,682	956
Utilities	15,000	10,962	4,038	20,000	22,740	(2,740)
Telephone	15,000	16,665	(1,665)	21,000	21,903	(903)
Equipment	100,000	67,012	32,988	115,000	84,231	30,769
Detention fees	12,000	0	12,000	187,000	183,676	3,324
Capital improvements	8,000	17,587	(9,587)	120,000	106,881	13,119
Other	33,901	41,788	(7,887)	67,400	71,587	(4,187)
Transfers out	584,720	538,274	46,446	424,450	179,725	244,725
Emergency fund	46,900	0	46,900	44,800	0	44,800
Total Disbursements	1,704,547	1,557,857	146,690	1,852,714	1,416,943	435,771
RECEIPTS OVER (UNDER) DISBURSEMENTS	(141,367)	192,795	334,162	(360,974)	181,086	542,060
CASH, JANUARY 1	844,321	844,321	0	663,235	663,235	0
CASH, DECEMBER 31	702,954	1,037,116	334,162	302,261	844,321	542,060

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	275,000	269,508	(5,492)	250,000	264,668	14,668
Sales taxes	180,000	162,621	(17,379)	170,000	174,604	4,604
Intergovernmental	930,000	934,563	4,563	1,265,000	1,197,690	(67,310)
Interest	40,000	51,150	11,150	50,000	40,749	(9,251)
Other	11,000	620	(10,380)	25,000	24,717	(283)
Total Receipts	1,436,000	1,418,462	(17,538)	1,760,000	1,702,428	(57,572)
DISBURSEMENTS						
Salaries	400,000	373,411	26,589	370,000	339,413	30,587
Employee fringe benefits	53,300	59,351	(6,051)	49,300	40,051	9,249
Supplies	95,000	124,922	(29,922)	80,000	86,538	(6,538)
Insurance	15,000	11,554	3,446	15,000	9,073	5,927
Road and bridge materials	120,000	141,740	(21,740)	200,000	97,616	102,384
Equipment repairs	45,000	53,725	(8,725)	40,000	54,319	(14,319)
Equipment purchases	300,000	354,434	(54,434)	250,000	174,358	75,642
Construction, repair, and maintenance	400,000	84,658	315,342	580,000	254,263	325,737
CART to special road districts	180,000	174,815	5,185	205,000	176,304	28,696
Other	19,500	29,909	(10,409)	23,650	15,161	8,489
Transfers out	45,000	45,000	0	54,390	0	54,390
Total Disbursements	1,672,800	1,453,519	219,281	1,867,340	1,247,096	620,244
RECEIPTS OVER (UNDER) DISBURSEMENTS	(236,800)	(35,057)	201,743	(107,340)	455,332	562,672
CASH, JANUARY 1	1,010,433	1,010,433	0	555,101	555,101	0
CASH, DECEMBER 31	773,633	975,376	201,743	447,761	1,010,433	562,672
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	301,051	247,766	(53,285)	260,744	245,217	(15,527)
Interest	0	1,076	1,076	1,835	1,103	(732)
Other	0	0	0	0	132	132
Transfers in	20,870	52,804	31,934	46,637	47,216	579
Total Receipts	321,921	301,646	(20,275)	309,216	293,668	(15,548)
DISBURSEMENTS						
Assessor	318,585	302,626	15,959	309,216	292,783	16,433
Total Disbursements	318,585	302,626	15,959	309,216	292,783	16,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,336	(980)	(4,316)	0	885	885
CASH, JANUARY 1	980	980	0	95	95	0
CASH, DECEMBER 31	4,316	0	(4,316)	95	980	885
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	3,350	2,807	(543)	3,100	2,933	(167)
Interest	150	124	(26)	0	155	155
Other	0	300	300	0	183	183
Total Receipts	3,500	3,231	(269)	3,100	3,271	171
DISBURSEMENTS						
Sheriff	5,600	3,185	2,415	4,600	3,024	1,576
Total Disbursements	5,600	3,185	2,415	4,600	3,024	1,576
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,100)	46	2,146	(1,500)	247	1,747
CASH, JANUARY 1	3,479	3,479	0	3,232	3,232	0
CASH, DECEMBER 31	1,379	3,525	2,146	1,732	3,479	1,747

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	700	704	4	800	733	(67)
Interest	300	337	37	9	363	354
Total Receipts	1,000	1,041	41	809	1,096	287
DISBURSEMENTS						
Prosecuting Attorney	500	0	500	2,000	426	1,574
Total Disbursements	500	0	500	2,000	426	1,574
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,041	541	(1,191)	670	1,861
CASH, JANUARY 1	7,906	7,906	0	7,236	7,236	0
CASH, DECEMBER 31	8,406	8,947	541	6,045	7,906	1,861
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	0	387	387	200	500	300
Interest	0	720	720	1,000	1,199	199
Total Receipts	0	1,107	1,107	1,200	1,699	499
DISBURSEMENTS						
Salaries	4,100	3,807	293	4,100	3,808	292
Office expenditures	200	29	171	250	34	216
Equipment	0	0	0	150	138	12
Other	1,300	865	435	1,250	641	609
Total Disbursements	5,600	4,701	899	5,750	4,621	1,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,600)	(3,594)	2,006	(4,550)	(2,922)	1,628
CASH, JANUARY 1	19,407	19,407	0	22,329	22,329	0
CASH, DECEMBER 31	13,807	15,813	2,006	17,779	19,407	1,628
<u>911 FUND</u>						
RECEIPTS						
Intergovernmental	44,100	54,625	10,525	41,100	45,693	4,593
Charges for services	190,000	222,718	32,718	187,100	189,925	2,825
Interest	1,000	116	(884)	140	1,080	940
Other	0	976	976	0	12,552	12,552
Transfers in	127,184	102,513	(24,671)	128,296	112,993	(15,303)
Total Receipts	362,284	380,948	18,664	356,636	362,243	5,607
DISBURSEMENTS						
Salaries	280,570	295,536	(14,966)	268,606	277,265	(8,659)
Office expenditures	16,364	31,621	(15,257)	22,550	20,875	1,675
Equipment	10,000	9,036	964	12,500	12,725	(225)
Mileage and training	8,600	5,809	2,791	9,000	7,075	1,925
Line charges	33,000	31,235	1,765	32,000	32,317	(317)
Other	5,500	5,867	(367)	11,980	11,986	(6)
Total Disbursements	354,034	379,104	(25,070)	356,636	362,243	(5,607)
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,250	1,844	(6,406)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	8,250	1,844	(6,406)	0	0	0

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	0	2,556	2,556	2,400	997	(1,403)
Interest	0	217	217	350	320	(30)
Total Receipts	0	2,773	2,773	2,750	1,317	(1,433)
DISBURSEMENTS						
Salaries	1,500	0	1,500	1,500	0	1,500
Office expenditures	500	0	500	500	0	500
Equipment and software	2,500	44	2,456	6,500	3,810	2,690
Mileage and training	2,000	3,020	(1,020)	2,500	0	2,500
Total Disbursements	6,500	3,064	3,436	11,000	3,810	7,190
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	(291)	6,209	(8,250)	(2,493)	5,757
CASH, JANUARY 1	6,522	6,522	0	9,015	9,015	0
CASH, DECEMBER 31	22	6,231	6,209	765	6,522	5,757
<u>PROSECUTING ATTORNEY DELINQUENT SALES TAX COLLECTION FUND</u>						
RECEIPTS						
Intergovernmental	1,500	597	(903)	1,500	2,038	538
Interest	500	398	(102)	500	535	35
Other	0	0	0	0	232	232
Total Receipts	2,000	995	(1,005)	2,000	2,805	805
DISBURSEMENTS						
Equipment	600	709	(109)	0	2,359	(2,359)
Other	0	0	0	0	232	(232)
Total Disbursements	600	709	(109)	0	2,591	(2,591)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,400	286	(1,114)	2,000	214	(1,786)
CASH, JANUARY 1	10,315	10,315	0	10,101	10,101	0
CASH, DECEMBER 31	11,715	10,601	(1,114)	12,101	10,315	(1,786)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	16,050	16,257	207	16,000	15,591	(409)
Interest	1,000	673	(327)	1,000	1,452	452
Total Receipts	17,050	16,930	(120)	17,000	17,043	43
DISBURSEMENTS						
Office expenditures	20,400	20,778	(378)	24,800	18,778	6,022
Total Disbursements	20,400	20,778	(378)	24,800	18,778	6,022
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,350)	(3,848)	(498)	(7,800)	(1,735)	6,065
CASH, JANUARY 1	18,169	18,169	0	19,904	19,904	0
CASH, DECEMBER 31	14,819	14,321	(498)	12,104	18,169	6,065
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	775	815	40	800	755	(45)
Interest	0	39	39	40	24	(16)
Total Receipts	775	854	79	840	779	(61)
DISBURSEMENTS						
Payments to domestic violence shelters	755	0	755	750	750	0
Other	20	16	4	15	11	4
Total Disbursements	775	16	759	765	761	4
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	838	838	75	18	(57)
CASH, JANUARY 1	641	641	0	623	623	0
CASH, DECEMBER 31	641	1,479	838	698	641	(57)

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>BAD CHECK COLLECTION FUND</u>						
RECEIPTS						
Charges for services	18,000	14,140	(3,860)	11,000	23,377	12,377
Interest	550	570	20	1,100	838	(262)
Transfers in	0	15,000	15,000	0	0	0
Total Receipts	18,550	29,710	11,160	12,100	24,215	12,115
DISBURSEMENTS						
Salaries	13,550	19,448	(5,898)	22,925	32,616	(9,691)
Office expenditures	1,978	2,160	(182)	1,483	1,969	(486)
Equipment	0	0	0	2,360	2,358	2
Mileage and training	500	0	500	1,000	0	1,000
Other	150	446	(296)	840	455	385
Total Disbursements	16,178	22,054	(5,876)	28,608	37,398	(8,790)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,372	7,656	5,284	(16,508)	(13,183)	3,325
CASH, JANUARY 1	3,491	3,491	0	16,674	16,674	0
CASH, DECEMBER 31	5,863	11,147	5,284	166	3,491	3,325
<u>PROSECUTING ATTORNEY LIBRARY FUND</u>						
RECEIPTS						
Charges for services	6,000	6,180	180	3,200	6,250	3,050
Total Receipts	6,000	6,180	180	3,200	6,250	3,050
DISBURSEMENTS						
Law library	4,500	6,655	(2,155)	3,700	4,442	(742)
Total Disbursements	4,500	6,655	(2,155)	3,700	4,442	(742)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	(475)	(1,975)	(500)	1,808	2,308
CASH, JANUARY 1	5,899	5,899	0	4,107	4,091	(16)
CASH, DECEMBER 31	7,399	5,424	(1,975)	3,607	5,899	2,292
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	850,000	886,693	36,693	750,000	850,886	100,886
Charges for services	181,500	55,186	(126,314)	13,300	41,357	28,057
Interest	0	53,547	53,547	1,600	39,392	37,792
Other	2,500	9,949	7,449	1,400	137,377	135,977
Transfers in	400,000	358,061	(41,939)	230,000	9,269	(220,731)
Total Receipts	1,434,000	1,363,436	(70,564)	996,300	1,078,281	81,981
DISBURSEMENTS						
Salaries	673,350	630,900	42,450	370,650	394,150	(23,500)
Office expenditures	20,000	35,965	(15,965)	25,000	23,374	1,626
Equipment	7,600	10,063	(2,463)	2,000	1,916	84
Mileage and training	70,000	79,866	(9,866)	50,000	39,665	10,335
Other	56,000	54,486	1,514	26,260	45,510	(19,250)
Jail	117,000	147,985	(30,985)	68,000	87,636	(19,636)
Fringe benefits	72,000	82,085	(10,085)	42,000	41,886	114
Bond payments	413,760	440,084	(26,324)	431,810	388,605	43,205
Land purchase	0	0	0	0	20	(20)
Utilities	50,000	56,312	(6,312)	0	0	0
Total Disbursements	1,479,710	1,537,746	(58,036)	1,015,720	1,022,762	(7,042)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,710)	(174,310)	(128,600)	(19,420)	55,519	74,939
CASH, JANUARY 1	183,770	183,770	0	128,252	128,251	(1)
CASH, DECEMBER 31	138,060	9,460	(128,600)	108,832	183,770	74,938

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT DEBT SERVICE FUND</u>						
RECEIPTS						
Property taxes	431,600	382,045	(49,555)	257,119	415,912	158,793
Interest	52,103	54,646	2,543	18,820	52,975	34,155
Other	10,000	0	(10,000)	84,690	356,942	272,252
Transfers in	0	0	0	0	60,877	60,877
Total Receipts	493,703	436,691	(57,012)	360,629	886,706	526,077
DISBURSEMENTS						
Commissions	0	0	0	24,820	0	24,820
Bond payments	353,810	425,090	(71,280)	318,291	671,700	(353,409)
Other	6,200	4,808	1,392	0	5,474	(5,474)
Transfers out	628,100	614,436	13,664	0	107,019	(107,019)
Total Disbursements	988,110	1,044,334	(56,224)	343,111	784,193	(441,082)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(494,407)	(607,643)	(113,236)	17,518	102,513	84,995
CASH, JANUARY 1	1,114,352	1,114,352	0	1,011,840	1,011,839	(1)
CASH, DECEMBER 31	619,945	506,709	(113,236)	1,029,358	1,114,352	84,994
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT MAINTENANCE FUND</u>						
RECEIPTS						
Property taxes	0	0	0	40,530	0	(40,530)
Interest	10,500	12,582	2,082	10,260	7,427	(2,833)
Other	0	21,273	21,273	18,790	0	(18,790)
Transfers in	440,700	431,436	(9,264)	58,735	107,019	48,284
Total Receipts	451,200	465,291	14,091	128,315	114,446	(13,869)
DISBURSEMENTS						
Road maintenance	0	0	0	6,136	0	6,136
Total Disbursements	0	0	0	6,136	0	6,136
RECEIPTS OVER (UNDER) DISBURSEMENTS	451,200	465,291	14,091	122,179	114,446	(7,733)
CASH, JANUARY 1	275,156	275,156	0	160,709	160,710	1
CASH, DECEMBER 31	726,356	740,447	14,091	282,888	275,156	(7,732)
<u>SHERIFF FEES FUND</u>						
RECEIPTS						
Charges for services	13,900	20,623	6,723	25,000	24,774	(226)
Interest	600	312	(288)	400	638	238
Other	0	733	733	0	0	0
Transfers in	0	0	0	1,000	0	(1,000)
Total Receipts	14,500	21,668	7,168	26,400	25,412	(988)
DISBURSEMENTS						
Sheriff	25,363	26,764	(1,401)	23,950	8,626	15,324
Transfers out	0	0	0	0	12,555	(12,555)
Total Disbursements	25,363	26,764	(1,401)	23,950	21,181	2,769
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,863)	(5,096)	5,767	2,450	4,231	1,781
CASH, JANUARY 1	11,037	11,034	(3)	6,803	6,803	0
CASH, DECEMBER 31	174	5,938	5,764	9,253	11,034	1,781
<u>POST FUND</u>						
RECEIPTS						
Intergovernmental	2,500	2,265	(235)	2,500	1,443	(1,057)
Interest	0	0	0	0	2	2
Total Receipts	2,500	2,265	(235)	2,500	1,445	(1,055)
DISBURSEMENTS						
State of Missouri	2,500	2,267	233	2,500	1,443	1,057
Total Disbursements	2,500	2,267	233	2,500	1,443	1,057
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(2)	(2)	0	2	2
CASH, JANUARY 1	2	2	0	0	0	0
CASH, DECEMBER 31	2	0	(2)	0	2	2

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,					
2000			1999		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT 135-12 CONSTRUCTION FUND</u>					
RECEIPTS					
Charges for services			0	0	0
Interest			0	10	10
Total Receipts			0	10	10
DISBURSEMENTS					
Other			0	23	(23)
Transfers out			179	166	13
Total Disbursements			179	189	(10)
RECEIPTS OVER (UNDER) DISBURSEMENTS					
			(179)	(179)	0
CASH, JANUARY 1			179	179	0
CASH, DECEMBER 31			0	0	0
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT TT1/TT1A CONSTRUCTION FUND</u>					
RECEIPTS					
Charges for services			0	0	0
Interest			0	1,723	1,723
Total Receipts			0	1,723	1,723
DISBURSEMENTS					
Other			0	17	(17)
Transfers out			46,242	47,948	(1,706)
Total Disbursements			46,242	47,965	(1,723)
RECEIPTS OVER (UNDER) DISBURSEMENTS					
			(46,242)	(46,242)	0
CASH, JANUARY 1			46,242	46,242	0
CASH, DECEMBER 31			0	0	0
<u>K-9 DRUG DOG FUND</u>					
RECEIPTS					
Interest	0	5	0	44	44
Other	800	351	0	253	253
Transfers in	0	1,323	0	0	0
Total Receipts	800	1,679	0	297	297
DISBURSEMENTS					
Veterinary expenses	800	981	200	496	(296)
Supplies	300	177	550	417	133
Mileage and training	100	0	250	0	250
Other	0	927	0	21	(21)
Total Disbursements	1,200	2,085	1,000	934	66
RECEIPTS OVER (UNDER) DISBURSEMENTS					
	(400)	(406)	(1,000)	(637)	363
CASH, JANUARY 1	406	406	1,043	1,043	0
CASH, DECEMBER 31	6	0	43	406	363
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT Y-20B CONSTRUCTION FUND</u>					
RECEIPTS					
Interest			0	465	465
Total Receipts			0	465	465
DISBURSEMENTS					
Other			0	17	(17)
Transfers out			12,314	12,762	(448)
Total Disbursements			12,314	12,779	(465)
RECEIPTS OVER (UNDER) DISBURSEMENTS					
			(12,314)	(12,314)	0
CASH, JANUARY 1			12,314	12,314	0
CASH, DECEMBER 31			0	0	0

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	2,500	1,430	(1,070)			
Interest	0	26				
Other	0	320	320			
Total Receipts	2,500	1,776	(724)			
DISBURSEMENTS						
Voter machine	2,500	0	2,500			
Other	0	113	(113)			
Total Disbursements	2,500	113	2,387			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,663	1,663			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	1,663	1,663			
<u>NEIGHBORHOOD IMPROVEMENT DISTRICT DEBT SERVICE RESERVE FUND</u>						
RECEIPTS						
Transfers in	193,400	183,000	(10,400)			
Total Receipts	193,400	183,000	(10,400)			
DISBURSEMENTS						
Debt service payments	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	193,400	183,000	(10,400)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	193,400	183,000	(10,400)			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	222,739	220,864	(1,875)	225,170	222,805	(2,365)
Intergovernmental	264,945	243,020	(21,925)	219,490	192,053	(27,437)
Charges for services	42,000	43,815	1,815	36,500	37,990	1,490
Interest	22,580	12,597	(9,983)	28,000	9,968	(18,032)
Other	16,500	27,249	10,749	15,000	14,448	(552)
Total Receipts	568,764	547,545	(21,219)	524,160	477,264	(46,896)
DISBURSEMENTS						
Salaries	382,520	408,839	(26,319)	380,660	351,062	29,598
Office expenditures	46,658	48,486	(1,828)	44,000	42,975	1,025
Equipment	19,200	10,463	8,737	5,500	5,483	17
Mileage and training	15,500	16,759	(1,259)	18,500	13,409	5,091
Programs	154,886	99,623	55,263	72,500	83,931	(11,431)
Election	0	0	0	3,000	3,197	(197)
Total Disbursements	618,764	584,170	34,594	524,160	500,057	24,103
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,000)	(36,625)	13,375	0	(22,793)	(22,793)
CASH, JANUARY 1	221,368	221,368	0	244,161	244,161	0
CASH, DECEMBER 31	171,368	184,743	13,375	244,161	221,368	(22,793)

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2000			1999			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes	96,000	122,710	26,710	112,000	122,829	10,829
Intergovernmental	1,200	1,200	0	1,200	2,054	854
Interest	3,000	4,376	1,376	2,400	3,234	834
Other	0	0	0	0	2,080	2,080
Total Receipts	100,200	128,286	28,086	115,600	130,197	14,597
DISBURSEMENTS						
Quality Industries	51,000	51,000	0	71,500	67,215	4,285
Lake Ozark Development Center	14,500	12,500	2,000	17,500	15,000	2,500
Morgan County Mental Health	7,074	7,074	0	7,074	6,574	500
Central Missouri Regional Center	32,438	13,067	19,371	18,871	6,108	12,763
Center for Human Services	0	0	0	1,440	40	1,400
Wonderland Camp	7,500	6,250	1,250	8,250	7,975	275
Stover Development Center	12,000	12,000	0	2,984	1,851	1,133
Quality Industries Activity Account	1,000	0	1,000	1,550	0	1,550
Special Education Grant	600	833	(233)	0	700	(700)
Other	1,000	668	332	0	719	(719)
Total Disbursements	127,112	103,392	23,720	129,169	106,182	22,987
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,912)	24,894	51,806	(13,569)	24,015	37,584
CASH, JANUARY 1	57,760	57,760	0	35,902	33,745	(2,157)
CASH, DECEMBER 31	30,848	82,654	51,806	22,333	57,760	35,427
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property taxes	110,000	116,707	6,707			
Financial institution tax	0	789	789			
Interest	0	1,042	1,042			
Total Receipts	110,000	118,538	8,538			
DISBURSEMENTS						
Bonds	150	0	150			
Postage	50	11	39			
Newspaper advertisements	180	222	(42)			
Versailles & Laurie nutrition sites	45,000	50,000	(5,000)			
Regal Home Care	5,000	2,500	2,500			
Missouri Home Care	10,000	2,500	7,500			
West Central MO Community Action Agency	5,000	2,500	2,500			
Homemaker Health Care Inc.	10,000	15,000	(5,000)			
Mathew 25 Ministries	25,000	35,000	(10,000)			
Total Disbursements	100,380	107,733	(7,353)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,620	10,805	1,185			
CASH, JANUARY 1	0	19,976	19,976			
CASH, DECEMBER 31	9,620	30,781	21,161			
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	5,000	5,057	57	5,000	6,020	1,020
Total Receipts	5,000	5,057	57	5,000	6,020	1,020
DISBURSEMENTS						
Office expenditures	10,000	6,471	3,529	5,000	1,193	3,807
Total Disbursements	10,000	6,471	3,529	5,000	1,193	3,807
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(1,414)	3,586	0	4,827	4,827
CASH, JANUARY 1	24,031	24,031	0	19,024	19,204	180
CASH, DECEMBER 31	19,031	22,617	3,586	19,024	24,031	5,007

Exhibit B

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	3,000	2,471	(529)	3,000	2,915	(85)
Other	0	21	21			
Total Receipts	3,000	2,492	(508)	3,000	2,915	(85)
DISBURSEMENTS						
Office expenditures	0	937	(937)	0	123	(123)
Total Disbursements	0	937	(937)	0	123	(123)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	1,555	(1,445)	3,000	2,792	(208)
CASH, JANUARY 1	15,384	15,384	0	12,592	12,592	0
CASH, DECEMBER 31	18,384	16,939	(1,445)	15,592	15,384	(208)

\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MORGAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Law Enforcement Block	
Grant Fund	2000 and 1999
Family Access Fund	2000 and 1999
Sheriff's Drug Seizure Fund	2000 and 1999
Jury Scrip Fund	2000 and 1999
Neighborhood Improvement District	
Dun Wandrin Construction Fund	2000
Neighborhood Improvement District	
Viewside Construction Fund	2000
Neighborhood Improvement District	
Pelican Point Construction Fund	2000
Senior Citizens Service Fund	1999

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
911 Fund	2000 and 1999
Prosecuting Attorney Delinquent Sales	
Tax Collection Fund	2000 and 1999
Bad Check Collection Fund	2000 and 1999
Prosecuting Attorney Library Fund	2000 and 1999
Law Enforcement Sales Tax Fund	2000 and 1999
Neighborhood Improvement District	
Debt Service Fund	2000 and 1999
Associate Circuit Court Interest Fund	2000 and 1999
Recorder's User Fees Fund	2000
Sheriff Fees Fund	2000
K-9 Drug Dog Fund	2000
Senior Citizens Service Fund	2000
Neighborhood Improvement District	
135-12 Construction Fund	1999
Neighborhood Improvement District	
TT1/TT-1A Construction Fund	1999
Neighborhood Improvement District	
Y-20B Construction Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Court Interest Fund	2000 and 1999
Jury Scrip Fund	2000 and 1999

Additionally, for the Health Center Fund, Senate Bill 40 Fund, and the Senior Citizens Service Fund, the county's published financial statements for the years ended December 31, 2000 and 1999, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

The Senate Bill 40 Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

The Senior Citizens Service Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end for the Senior Citizens Service Board.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	EROO45-9171	\$ 0	35,346
		EROO45-0171	34,039	12,754
		ERS045-1171W	11,459	0
	Program Total		45,498	48,100
10.559	Summer Food Service Program for Children	ERS146-0171I	57	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.592	Local Law Enforcement Block Grants Program	2000-BU-BX-3025	18,773	4,623
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	5,053
Passed through Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,962	1,075
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	3,145	2,152
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants	FEMA-1253-DR-MO	0	262,165
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health:				
93.268	Immunization Grants	N/A	26,392	22,578
		PG0064-9171 IAP	0	2,360
	Program Total		26,392	24,938
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	AOC00380177	44,358	5,642
		AOC01380173	8,175	0
	Program Total		52,533	5,642

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2000	1999
93.575	Child Care and Development Block Grant	PGA067-9171	0	1,065
		PGA067-0171S	470	220
		PGA067-1171S	365	0
		ERO146-9171CCH&SCS	0	1,184
		PGA067-0171C	976	304
		PGA067-1171C	51	0
	Program Total		<u>1,862</u>	<u>2,773</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-90034	0	6,389
		ERO161-00070	4,444	2,728
		ERO161-10048	1,622	0
			<u>6,066</u>	<u>9,117</u>
93.991	Preventive Health and Health Services Block Grant	N/A	314	269
93.994	Maternal and Child Health Services Block Grant to the States	N/A	1,571	1,344
		ERO 175-9171FP	0	5,348
		ERO 175-0171F	4,382	1,932
		ERS 175-1171F	1,484	0
		ERS 146-0171M	41	93
	Program Total		<u>7,478</u>	<u>8,717</u>
	Total Expenditures of Federal Awards		\$ <u><u>164,080</u></u>	<u><u>374,624</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

MORGAN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Morgan County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) program represent the estimated fair market value of the property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$26,392 and \$22,578 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$314 and \$269 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,571 and \$1,344 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2000 and 1999.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Morgan County, Missouri

Compliance

We have audited the compliance of Morgan County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Morgan County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-3.

Internal Control Over Compliance

The management of Morgan County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Morgan County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 12, 2001 (fieldwork completion date)

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
16.592	Local Law Enforcement Block Grants Program
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

00-1.	Omission of Budgetary Information
--------------	--

The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the years ended December 31, 2000 and 1999. Receipt and disbursement transactions occurred in the following funds which did not have formal budgets prepared:

Fund	Year Ended December 31,			
	2000		1999	
	Receipts	Disbursements	Receipts	Disbursements
Senior Citizens Service Fund	\$ N/A	N/A	20,282	306
Neighborhood Improvement District				
Dun Wandrin Construction Fund	119,361	104,001	N/A	N/A
Neighborhood Improvement District				
Viewside Road Construction Fund	112,914	108,538	N/A	N/A
Neighborhood Improvement District				
Pelican Point Road Construction Fund	90,920	76,156	N/A	N/A
Local Law Enforcement				
Block Grant Fund	25,261	18,773	812	4,623
Family Access Fund	185	0	964	0
Sheriff's Drug Seizure Fund	12	0	5,300	4,975
Jury Scrip Fund	0	6,144	15,680	6,390
	<u>\$ 348,653</u>	<u>313,612</u>	<u>43,038</u>	<u>16,294</u>

The lack of budgetary information for these funds, especially the Neighborhood Improvement District - Dun Wandrin Construction Fund, Neighborhood Improvement District - Viewside Construction Fund, and Neighborhood Improvement District - Pelican Point Construction Fund, is a significant omission from the county's financial statements. The County Commission indicated these funds were not budgeted because the county's formal budget process had already been completed at the time these funds were established and the County Commission neglected to create the budgets.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county

funds, the County Commission and other county officials and boards would be able to more effectively evaluate all county financial resources.

WE RECOMMEND the County Commission and other applicable officials ensure budgets are prepared for all county funds.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission responded:

We will include all appropriate funds in future years' budgets.

00-2.	Overspending of Budgets
--------------	--------------------------------

Disbursements were made in excess of the approved budgets in the following funds during the two years ended December 31, 2000:

Fund	Year Ended December 31,	
	\$ 2000	1999
911 Fund	25,070	5,607
Prosecuting Attorney Delinquent Sales		
Tax Collection Fund	109	2,591
Recorder's User Fees Fund	378	N/A
Bad Check Collection Fund	5,876	8,790
Prosecuting Attorney Library Fund	2,155	742
Law Enforcement Sales Tax Fund	58,036	7,042
Neighborhood Improvement District		
Debt Service Fund	56,224	441,082
Sheriff Fees Fund	1,401	N/A
Neighborhood Improvement District		
135-12 Construction Fund	N/A	10
Neighborhood Improvement District		
TT1/TT1A Construction Fund	N/A	1,723
K-9 Drug Dog Fund	885	N/A
Neighborhood Improvement District		
Y-20B Construction Fund	N/A	465
Senior Citizens Service Fund	7,353	N/A
Associate Circuit Court Interest Fund	937	123
	\$ 158,424	468,175

The county had no formal monitoring procedures to ensure adequate budget appropriations existed prior to approving disbursements.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.

WE RECOMMEND the County Commission and the Senior Citizens Service Board adopt procedures to periodically compare budgeted and actual disbursements and ensure the county and applicable officials do not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budgets should be formally amended.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission responded:

We have implemented a new accounting system and are using that system's reports to monitor budgetary status. We will amend budgets when necessary.

The Senior Citizens Service Board Chairman responded:

I agree and will implement this recommendation.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

00-3.	Schedule Of Expenditures Of Federal Awards
--------------	---

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.592
Program Title:	Local Law Enforcement Block Grants Program
Pass-Through Entity	
Identifying Number:	2000-BU-BX-3025
Award Year:	2000 and 1999
Questioned Costs:	N/A

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	

Identifying Number: FEMA-1253-DR-MO
Award Year: 2000 and 1999
Questioned Costs: N/A

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have a procedure in place to adequately track federal awards for preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2000 and 1999; however, the schedule only contained information submitted by the Health Center Board and excluded all grants expended by the County Commission or other county officials during the two years. In addition, the information presented for many of the programs did not agree to the Health Center Board's grant activity records. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk responded:

I agree and I will attempt to do this with next year's budget.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MORGAN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Morgan County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1. Budgetary Procedures

- A. Actual expenditures exceeded budgeted amounts in several funds.
- B. Expenditures were made from several funds that did not have a formal budget prepared.
- C. Neighborhood Improvement District (NID) budgets did not always present accurate financial information in that the amounts budgeted for receipts and disbursements varied significantly from actual amounts.

Recommendation:

The County Commission and County Clerk implement procedures to ensure:

- A. Budgets are properly amended if necessary, and expenditures are kept within budgetary limits.
- B. Budgets are prepared or obtained for all funds.
- C. Budgets prepared for the NID funds reflect more accurate estimates.

Status:

- A. Not implemented. See finding number 00-2.
- B. Not implemented. See finding number 00-1.
- C. Partially implemented. During the two years ending December 31, 1998, four NID funds did not have accurate estimates of receipts or disbursements. During the current audit period only one NID fund (Debt Service Reserve) had inaccurate estimates. Although not repeated in the current report, our recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MORGAN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MORGAN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 12, 2001. We also have audited the compliance of Morgan County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 12, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Morgan County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

Over the past decade, the Morgan County Commission established thirteen neighborhood improvement districts (NIDs) pursuant to a petition or public vote from the residents in the proposed districts. The NIDs were established to develop certain roads in the respective districts. Temporary notes were issued by the County Commission to fund each project's construction. General obligation special assessment bonds were, or will be, issued to pay off the temporary notes related to these various projects. These bonds are to be paid off over periods up to twenty years.

While the County Commission is ultimately responsible for the repayment of the general obligation bonds, the bonds are intended to be repaid through the collection of special assessments on the benefited properties within each district. Two payment options were developed by the County Commission. The options allowed property owners to pay the assessments in one lump sum or allocate the special assessment and related interest costs over payment periods of up to twenty years.

Our review of the county's handling of the NIDs during the two years ended December 31, 2000, disclosed the following concerns:

- A. The county has included a maintenance levy in the special assessments levied to landowners of the NIDs. The county assessed this maintenance levy on all thirteen projects at the time of their creation and continues to assess and collect this maintenance levy. As of December 31, 2000, the combined cash balance of the NID maintenance accounts exceeds \$740,000 and receipts and disbursements for the seven years ended December 31, 2000 total approximately \$1,007,000 and \$267,000, respectively.

The statute (Section 67.457, RSMo 1994) in effect at the time the first five projects were established (prior to August 28, 1994) and the ballot wording did not provide for the assessment and collection of a maintenance levy. A new provision of this statute, effective August 28, 1994, allows the county to obtain voter approval for the assessment and collection of this maintenance levy after the bonds issued to fund the project are fully repaid. However, the county has never obtained such voter approval for the first five projects. Also, for these projects and five additional projects established between August 28, 1994, and January 1, 1999 the county is collecting the maintenance levy even though the bonds for these projects have not yet been paid in full.

This condition has been noted in our three prior audit reports and discussed with the County Commission. To address these concerns, the county included an additional issue on the ballot during the public vote on the three most recent projects established in 1999 and 2000. The additional ballot issue, which was passed by voters, specifically authorized the collection of a maintenance levy for each project during the period that the bonds were outstanding. However, there is no statutory provision

allowing the county to vote for, assess, and collect a maintenance levy during the period that the bonds are outstanding.

- B. The County Commission changes the levies used to collect special assessments for each NID annually based on changes in the assessed valuation or parcel counts, as applicable depending on the assessment method for that district. The change in the levy is made to ensure that the total amount collected for the year is approximately equal to the amount needed to fund debt service and maintenance requirements established by the County Commission during the formative stages of the project. The County Commission believes that unfair cash windfalls or inequitable treatment would occur during times of rising assessed valuations if the levies were not adjusted.

It does not appear the county has authority to change the individual assessments annually under current statutory provisions. Section 67.463, RSMo 2000 states that special assessments shall be payable in substantially equal installments for the duration of the assessment. While Section 67.467, RSMo 2000 does allow the County Commission to establish new assessments when assessments are inadequate, excessive, or invalid, these situations should not be occurring on an annual basis.

Although we have brought these matters to the county's attention in the three prior audit reports, the county has failed to fully address the issues. It appears that the applicable statutes regarding NIDs clearly set forth the provisions for the collection of the special assessments and that the county is not in compliance with those statutes. The County Commission indicates that they believe they are operating within the original intent of the legislation; however, they have not obtained a written legal opinion in support of their positions and actions.

WE AGAIN RECOMMEND the County Commission:

- A. Discontinue the maintenance levy on all NIDs and refund all maintenance monies previously collected to the affected property owners. In addition, if the assessment of a maintenance levy is determined to be necessary for the original five projects, appropriate district petitions should be obtained or elections held authorizing such an assessment. If approved, any maintenance assessments should be levied and collected according to law only after the applicable bonds have been paid in full.
- B. Ensure special assessments are assessed to property owners in accordance with state law. This would require the County Commission to revise the assessment method to ensure the assessment installments are substantially equal over the life of the assessment collection period.

Furthermore, if the County Commission decides to continue its current practices, a written legal opinion supporting its action should be obtained from the Prosecuting Attorney and the county should seek legislative approval for any continued collections which are not allowed under current NID statutes.

AUDITEE'S RESPONSE

The County Commission responded:

- A. We do not agree with this recommendation and do not plan to discontinue the collection of maintenance levies. We will ask for a legal opinion that provides documentation for our past actions.*
- B. We have now changed our methodology of setting each levy so that the assessments will be collected in substantially equal installments over the remainder of the life of each NID.*

2. County Bidding Procedures

Bids were not always solicited or advertised by the county nor was the selection process always documented for various purchases made by the county during the two years ended December 31, 2000. The County Commission minutes did not always document the circumstances involved when a purchase was considered sole source or when information was solicited by methods other than publication in a newspaper. Examples of items purchased for which adequate bid documentation could not be located are as follows:

Item	Cost
NID Construction Projects (1)	\$ 286,408
3 Sheriff's Vehicles (2)	62,496
Road Striping (3)	21,576
Plat Books and Maps (4)	18,400

- (1) The county could only locate copies of the winning bids and bid tabulation sheets.
- (2) The purchase was not advertised for bid, instead the Sheriff indicated he posted a public notice in the courthouse and the post office. Copies of all bids obtained were not retained.
- (3) The county did not bid this purchase.
- (4) The county believes this is a sole source purchase.

Section 50.660, RSMo 2000, requires advertisement of bids for all purchases of \$4,500 or more. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence the county's established purchasing procedures, as well as statutory requirements, are followed.

WE RECOMMEND the County Commission solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If

bids cannot be obtained or sole source procurement is necessary, the County Commission or County Clerk should retain documentation of these circumstances.

AUDITEE'S RESPONSE

The County Commission responded:

We agree with this recommendation. We regularly bid these types of items; however, we will ensure that we retain documentation of advertising and bidding activity in the future.

3. Officials' Salaries

During our audit we noted the following conditions related to various elected officials' salaries:

- A. The 1997 salary commission voted to set salaries for all county officials, effective January 1, 1998, at 100% of the statutory salary tables newly established that year by the legislature. As a result, each elected official received raises within their term of office. Similar to the action noted in part B below, this appears to violate Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This condition was noted in our prior audit report; however, the county has not obtained a legal opinion regarding the legality of their decision and no salary adjustments have been made to recover the amounts paid in excess of the amounts allowed by law.
- B. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1998 Morgan County's Associate County Commissioners salaries were each increased approximately \$6,390 yearly, according to information from the Presiding Commissioner.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the three Associate County Commissioners who held office during the three years ended December 31, 2000 should be repaid. Excess raises totaled approximately \$6,390, \$12,780, and \$19,170 for the Associate County Commissioners who served one, two, and three years, respectively. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- C. The County Collector and County Assessor received raises, effective January 1, 2001, due to a change in the assessed valuation of the county. However, Section 50.333.8 states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Collector and County Assessor received these raises prior to their dates of incumbency which are March 1 and September 1, respectively.

WE RECOMMEND the County Commission and the salary commission:

- A&C. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 1998, and January 1, 2001, and obtain repayment of any raises determined to be unallowable.
- B. Review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The County Commission responded:

- A. *We had obtained a legal opinion prior to granting the raises that indicated these raises could be considered appropriate under an interpretation of the statute. We believe that raises given to county officials effective January 1, 1998 were appropriate and do not plan to obtain refunds from elected officials.*
- B. *We will request a legal opinion on these matters from our attorney. We feel that it would be a hardship on the officials involved to request a repayment of salary increases that were given in accordance with statutes in effect at the time the salary increases were implemented.*
- C. *We have ordered the County Clerk to deduct overpayments made to the County Collector and County Assessor since January 2001.*

AUDITOR'S COMMENT

- A. The legal opinion referred to in the response above did not appear to clearly conclude that these raises were allowable. In light of the recent Supreme Court decision, the county should consider obtaining another opinion on the legality of these raises.

4. Published Financial Statements
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The annual published financial statements of the county did not include financial activity of the Circuit Clerk Interest Fund, Associate Circuit Court Interest Fund, or the Jury Scrip Fund and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Fund, and the Senior Citizens Service Fund. In addition, the amounts of bonded debt and other related bond information for the Justice Center bonds or

for the bonds issued for the neighborhood improvement district projects were not included. Section 50.800, RSMo 2000, requires published financial statements to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. In addition, it requires the presentation of bonded debt of the county and other information related to bond activity.

For the published financial statements to adequately inform the citizens of the county's financial activity, all monies received and disbursed by the county and all other required information should be included in the level of detail required by law.

WE RECOMMEND the County Commission ensure all required financial information for all county funds is properly reported in the published financial statements.

AUDITEE'S RESPONSE

The County Commission responded:

We will comply with this recommendation starting with the next required publication of the financial statements.

5. Apportionment of Railroad and Utility Taxes

The County Clerk did not correctly apportion 1999 or 2000 railroad and utility taxes to the school districts. The County Clerk used incorrect assessed valuation totals while calculating the apportionments. As a result, the various school districts were over or (under) paid as follows:

<u>School District</u>	<u>Amount Over (Under) Paid</u>
Camden County R-3	\$ 7,582
Cooper County R-6	28,857
Miller County R-1	(21,091)
Miller County R-2	(7,446)
Morgan County R-1	(14,569)
Pettis County R-6	6,667

WE RECOMMEND the County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

AUDITEE'S RESPONSE

The County Clerk responded:

I agree and have already notified the school districts that have been overpaid and will work with those districts to obtain refunds. Monies refunded will be distributed to school districts that were underpaid.

6.

County Sales Tax

The county has not sufficiently reduced its general revenue property tax levy to reduce property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by the Morgan County voters under the provisions of Section 67.505, RSMo 2000.

Following are the calculations of the property tax rollback and sales tax collections for the two years ended December 31, 2000, and excess property taxes of prior years:

	<u>Tax Year Ended December 31,</u>	
	<u>2000</u>	<u>1999</u>
ACTUAL SALES TAX REVENUES	\$ 833,588	774,238
Required percentage of revenue reduction	X <u>50%</u>	<u>50%</u>
Required property tax revenue reduction	<u>416,794</u>	<u>387,119</u>
Assessed Valuation	261,499,619	247,933,720
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X <u>0.1600</u>	<u>0.1400</u>
Actual property tax revenue reduction	<u>418,399</u>	<u>347,107</u>
EXCESS (SURPLUS) PROPERTY TAX REVENUES COLLECTED	(1,605)	40,012
Excess property tax revenue collections from prior years	<u>53,029</u>	<u>13,017</u>
NET EXCESS	\$ <u><u>51,424</u></u>	<u><u>53,029</u></u>

The county's actual sales tax revenues significantly exceeded the preliminary estimate in 1999 and, as a result, the county's net excess collections increased significantly. In addition, the county only included the excess or surplus tax collections from the two previous years in the calculations used to establish the required tax rate reduction. Finally, the county chose not to reduce the 2000 property tax levy far enough to offset excess collections from 1999 and prior years. The County Clerk indicated the County Commission believed the economy would not sustain the rate of growth predicted by the 2000 calculation of estimated sales tax receipts. The county's assumption was not accurate and, as a result, the property tax levy set for 2000 failed to reduce property tax collections to the level required by law. These three conditions have resulted in the county having collected excess property tax revenues of approximately \$51,424. The County Commission calculated the General Revenue tax levy in August 2001 for the current tax year and the calculations properly included adjustments for all prior years' excess property tax collections.

WE RECOMMEND the County Commission continue to ensure in subsequent years that appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

AUDITEE'S RESPONSE

The County Commission responded:

We agree and, as noted above, we have calculated and certified the 2001 general revenue levy at an amount sufficient to adjust for prior excess collections.

7. Fixed Assets

The County Commission or its designee is responsible for maintaining a complete, detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. The County Clerk indicated she printed asset listings during September 1999 for each of the county officials from the historical records maintained by her office. She indicated the computerized listing was provided to each officeholder, who was then responsible for conducting the physical inventory in his/her own office. The County Assessor has submitted an annual listing of property in his office to the County Clerk; however, none of the other elected officials have submitted the required reports. In addition, the County Clerk indicated that she has communicated to the various officeholders the need to obtain property tags for new assets from her office and affix those tags to the new property; however, the County Clerk indicated the officials have not requested property tags for use on any new assets since August 1999.

Adequate fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Effective August 28, 1999, Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all

fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipt.

AUDITEE'S RESPONSE

The County Commission responded:

We will implement this recommendation and will have procedures in place and operating by the end of 2001.

8. Collector's Collateral Security

The collateral securities pledged by the County Collector's depository bank to cover deposits were insufficient during December 2000 and January 2001 by as much as \$3.8 million dollars. The County Collector apparently did not monitor collateral securities pledged against bank account balances. Monitoring Federal Deposit Insurance Corporation (FDIC) coverage and collateral securities pledged becomes even more critical if the Collector's receipts continue to increase as they have in recent years.

Section 110.020, RSMo 2000, provides the value of collateral securities pledged to secure county funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation. Inadequate collateral securities leave the County Collector's funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the County Collector monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.

AUDITEE'S RESPONSE

The County Collector responded:

I will better monitor to make sure that pledged securities are sufficient to cover cash balances.

9. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's Office collects court-ordered restitution, bad check restitution, and bad check collection fees totaling approximately \$76,000 annually. Our review of the Prosecuting Attorney's records and procedures revealed the following concerns:

- A. Duties are not adequately segregated. One individual is responsible for receiving, recording, depositing and transmitting monies, initiating correspondence for collection of amounts due, and following up on unpaid amounts. While an independent person prepares the monthly bank reconciliations; there is no

independent reconciliation of monies received to bank deposits and transmittals, nor is there a review of information posted to case files. To ensure proper accountability, the duties of receiving and recording complaints and payments should be segregated from the duties of disbursing/depositing monies and following-up on amounts due. If the duties cannot be adequately segregated, at a minimum, someone independent should periodically review the bad check records and compare records of monies received with deposits and documentation of disbursement to the victims, as well as ensuring recorded dispositions appear proper. Failure to adequately segregate duties or provide supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. The Prosecuting Attorney requires bad check and court ordered restitution to be submitted by defendants in the form of money orders made payable to the victim. Bad check fees are also paid by money order made payable to the Prosecuting Attorney. The Prosecuting Attorney forwards the victim money orders to the victims by mail. The bad check fee money orders are deposited to the official bank account and disbursements are made by official check. During our audit we noted the following concerns:

1. Receipts are not deposited timely. For example, monies received during January 1999 were deposited on only seven different days ranging from \$137 to \$1,686. Monies received during November 2000 were deposited on only four different days ranging from \$305 to \$1,993. In addition, checks and money orders are not restrictively endorsed until the deposit is prepared.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be endorsed immediately upon receipt and monies deposited intact daily or when accumulated receipts exceed \$100.

2. The Prosecuting Attorney records all monies received on a one-write receipt ledger. The ledger is set up to document the ultimate disposition of the monies received and to separately account for monies remitted directly to victims from monies deposited in the official bank account. During our review, we noted that the ledger entries were not always recorded accurately. In addition, the Prosecuting Attorney did not reconcile the receipt ledger's deposit column activity to the bank information. During our review, we noted that actual deposits exceeded the receipt ledger's deposit column totals by approximately \$5,800 for the period of January 1, 1999 through June 21, 2001.

To ensure that the receipt ledger is prepared accurately and that transactions are properly recorded, the Prosecuting Attorney should review the accuracy of the receipt ledger entries and ensure that the deposit column activity is reconciled to the bank information.

3. The Prosecuting Attorney requires bad check and court ordered restitution to be submitted in the form of money orders made payable to the victim. The office forwards the money orders to the victims by mail; however, the office does not obtain documentation from the victim when the restitution money orders are turned over.

To reduce the risk of loss, theft or misuse of funds, the Prosecuting Attorney should obtain documentation from the victim when money orders are turned over.

4. Monthly listings of open items (liabilities) are not prepared and, consequently, open items are not reconciled to cash balances. At our request, an open items listing was prepared as of December 31, 2000. The reconciled cash balance at December 31, 2000 exceeded identified open items on the listing by approximately \$2,800. Errors in recording transactions on the receipt ledger, as discussed above in part 2, have remained undetected because the Prosecuting Attorney has not properly reconciled open items to the cash balance.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, differences noted when performing monthly reconciliations should be promptly investigated and resolved. Various statutory provisions provide for the disposition of unclaimed and unidentified monies.

- C. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, has not been established. A bad check complaint log is used only to assign a sequential control number to the bad checks as they are submitted by vendors. Neither the control number nor the log is used to track bad check payments or case history.

To help ensure all bad checks turned over to the Prosecuting Attorney are properly handled, a complete log should be maintained. The log should contain additional information such as the merchant, the amount of the check, the amount of the administrative fee, and the disposition of the bad check, including the date payment was received and paid to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

WE RECOMMEND the Prosecuting Attorney:

- A. Provide for adequate segregation of duties and/or performance of independent reconciliations and reviews of accounting records.

- B.1. Restrictively endorse checks and money orders immediately upon receipt and deposit all monies intact daily or when accumulated receipts exceed \$100.
- 2. Review the information recorded on the receipt ledger for accuracy and ensure that the deposit column activity is reconciled to the bank information.
- 3. Obtain documentation from the victims when restitution money orders are turned over or deposit all receipts and remit restitution by a check issued from the Prosecuting Attorney's bank account.
- 4. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- C. Record additional information on the bad check log to adequately account for bad check complaints received as well as the ultimate disposition of each complaint. The log should include merchant data, amount of the bad check and administrative fee, disposition of the bad check, date restitution and fees were paid, date restitution and fees were remitted to the merchant or County Treasurer, and the criminal case number under which charges were filed, if applicable.

AUDITEE'S RESPONSE

The Prosecuting Attorney responded:

- A. *The duties of receiving and recording complaints regarding bad checks and disbursing of funds remain in one person as the staff capacity here cannot bear this change. However, the duties of reconciling the bank records and receiving and disbursing monies have now been adequately segregated within the office.*
- B.1. *We now deposit daily or when the amount to deposit exceeds \$100. We now also restrictively endorse checks and money orders as they are received.*
- B.2. *We now keep two ledgers on hand, one which is the one-write ledger and another which is in our new Quick Books software. In addition, the Prosecuting Attorney now randomly checks the accuracy of the two ledgers and reconciles the same.*
- B.3. *This office has purchased Quick Books which generates its own checks with secure paper and such. Now, all monies are deposited into the bank and a check is written via Quick Books which allows for control on following the check. We now remit restitution only in the form of checks via Quick Books. We receive monies from those it is due from, deposit them to our official checking account, and disburse the restitution out of our own account.*
- B.4. *Open items (liabilities) are now prepared and reconciled to the account balance. This is a feature of Quick Books.*

- C. *We have implemented a manual log that delineates the check writer, sequential control number, check number, merchant, the date the bad check was received, and the final outcome of the complaint.*

10. Sheriff's Accounting Controls and Procedures

During our audit we noted the following conditions related to the Sheriff's fee, escrow, inmate, and commissary accounts. The Sheriff's office manager is primarily responsible for the fee, escrow, and inmate accounts and a jail deputy is primarily responsible for the commissary account that was established in January 2001.

- A. The duties of cash custody and record keeping are not adequately segregated. The Sheriff's office manager is primarily responsible for collecting, recording, depositing, and disbursing fee, escrow, and inmate monies; however, the Sheriff's deputies and dispatchers may also receipt money. A jail deputy is primarily responsible for collecting, recording, depositing, and disbursing commissary monies; however, the Sheriff's jail deputies may also receipt monies. There are no documented supervisory reviews of the accounting records. In addition there are no independent reconciliations between monies receipted and deposits or between cash balances and inmate balance records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. As of June 21, 2001, bank reconciliations had not been performed on the commissary account since it was established in January 2001. In addition, deposits have not been recorded, and a balance has not been maintained, in the manual check register since May 2001.

The preparation of monthly bank reconciliations is necessary to ensure that all monies are properly deposited, bank accounts are in agreement with the accounting records, and errors or discrepancies are detected on a timely basis. In addition, a complete and accurate check register should be maintained with a balance to allow for proper reconciliation with the bank statements.

- C. Inmate and commissary monies are typically received at the jail during arrest bookings or during jail visitations. These monies can be receipted by any jail deputy at the time of arrest or during jail visitation hours. Inmates can choose to have monies they are holding at the time of arrest deposited in either the Sheriff's inmate or commissary accounts. However, if an inmate is released prior to the deposit of their funds, the jailer releasing the inmate may return funds in cash to the inmate.

Our review of cash receipting, depositing, and disbursing procedures revealed the following concerns:

1. Receipt slips are not always issued for monies received from or on behalf of inmates. To adequately account for all receipts, receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.
2. Checks and money orders deposited in the commissary account are not endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
3. The inmate and commissary receipts are held in the booking area after receipt and all persons on duty have access to the monies until the monies are remitted to the inmate and commissary account custodians. There is no documentation of the transfer of monies between the jail and the account custodians. In addition, as noted in part A above, there is no independent reconciliation between receipts and deposits.

To adequately safeguard cash receipts, the Sheriff should implement the use of a locked drop box so that access to receipts is restricted after the initial preparation of receipt slips. The account custodians should have sole access to the drop box and they should document the transfer of receipts from the lock box to their custody.

4. If an inmate's funds are to be returned in cash, the deputy releasing the inmate is supposed to obtain a signed receipt from the inmate indicating that cash was returned. However, adequate supporting documentation was not obtained from the inmates or retained for some cash refunds.

To ensure that inmate funds are accounted for properly, the Sheriff should ensure that all inmate funds are deposited to an official bank account and refund residual balances by official check at the time of the inmate's release. If cash refunds continue to be given, adequate supporting documentation should be obtained for all cash refunds. The refund documentation should then be used to facilitate the reconciliation of receipt slips issued to amounts deposited and to ensure all monies are accounted for properly.

During our review we attempted to reconcile inmate account receipts totaling approximately \$35,700 to deposits and recorded cash refunds for the period of January 1, 2000 through June 15, 2001. We also attempted to reconcile commissary receipts totaling approximately \$8,400 to deposits and recorded cash refunds for the period of January 31, 2001 through June 21, 2001. Due to conditions noted above in parts 1 and 4, the department could not account for inmate and commissary receipts totaling approximately \$1,900 and \$1,400, respectively.

5. The jail deputies account for each inmate's money separately using a computerized system. The total inmate and commissary bank account balances have not been reconciled to the individual inmate account balances per the computer system. Such a reconciliation is necessary to ensure that monies held in trust for inmates are sufficient to meet any liabilities.

To ensure that all inmate monies are properly recorded and deposited, the balance of the inmate and commissary bank accounts should be reconciled monthly to the computerized individual inmate account balances. Any monies remaining unclaimed should be disposed of in accordance with state law.

- D. Escrow account checks totaling at least \$8,000 have been outstanding since the prior audit and are still carried on the Sheriff's books at December 31, 2000. In addition, the Sheriff is holding over \$6,800 on deposit in the escrow account that was confiscated during various investigations, some of which date back to 1994. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly bank reconciliations and maintain a complete and accurate check register with a running balance.
- C.1. Issue prenumbered receipt slips for commissary monies immediately upon receipt and account for their numerical sequence.
 2. Restrictively endorse checks and money orders immediately upon receipt.
 3. Implement the use of a locked drop box for inmate and commissary receipts and ensure that the transfer of receipts between the jail and the account custodians is documented.
 4. Deposit all inmate funds in an official bank account and issue refunds to inmate by official check or obtain adequate supporting documentation for any refunds not made by check and reconcile monies received to monies deposited and documentation of monies refunded in cash.
5. Reconcile the inmate and commissary bank account balances to the computerized individual inmate balance records at least monthly and investigate any difference. Any monies remaining unclaimed should be disposed of in accordance with state law.

- D. Attempt to resolve the old outstanding checks and confiscated monies on deposit and establish routine procedures to investigate outstanding checks and monies on deposit which have remained on the accounting records for a considerable time.

AUDITEE'S RESPONSE

The following responses were provided by Rick Bias, Interim Sheriff:

- A. *The clerks responsible for maintaining bank accounts will review each other's bank reconciliations and will periodically reconcile receipt slips to deposits. We will ensure that these reviews are implemented by the end of September 2001.*
- B., C.1.
& C.2. *We have already implemented these recommendations.*
- C.3. *A locked drop box is now used and the access is limited to the commissary account custodian and the Sheriff. The monthly review of these records will include a comparison of receipt slips to deposits.*
- C.4. *Cash refunds are no longer made. All refunds are now made by official commissary account checks only.*
- C.5. *We are currently working on this reconciliation and will try to have it resolved by the end of September 2001.*
- D. *We have resolved the outstanding checks and we have reissued the \$8,000 check. We will defer any decisions regarding the confiscated monies to the new Sheriff to be selected during the special election in October 2001.*

11. Health Center Accounting Controls and Procedures

- A. During our audit we noted the following conditions regarding the Health Center's receipts and deposits:
1. While prenumbered receipt slips are issued for some monies received, receipt slips are not written for monies received in the mail and for some donation or service receipts when paid by check. To adequately account for monies received, prenumbered receipt slips should be issued for all monies received, the receipt slips should note the method of payment and the numerical sequence should be accounted for properly. In addition, the composition of receipts slips should be reconciled to the composition of deposits.
 2. Checks are not endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

3. A donation jar is maintained at the reception window in the waiting room of the Health Center. The donation jar is not emptied nightly and the Health Center has not established a regular time frame for emptying the jar and depositing the monies along with other receipts. To ensure that donations are accounted for properly, the donation jar should be emptied daily, the donation monies should be receipted, and the monies should be deposited along with other receipts.
- B. During our audit we noted that the Health Center Board did not maintain worker's compensation insurance. Health Center personnel were unaware that the coverage had lapsed on December 3, 1998. The Board obtained coverage on May 10, 2001 when we brought this situation to their attention.

WE RECOMMEND the Health Center Board:

- A.1. Issue prenumbered receipt slips for all monies received, note the method of payment on the receipt slips and account for the numerical sequence of those receipt slips. In addition, an independent person should periodically reconcile the composition of receipt slips to the composition of deposits.
2. Restrictively endorse checks immediately upon receipt.
3. Empty the donation jar daily, record the receipts on a receipt slip, and deposit the receipts along with other receipts.
- B. Monitor insurance policies to ensure adequate coverages are maintained.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

- A.1. *We have now begun issuing prenumbered receipt slips for all monies received. Either myself or another independent party periodically accounts for the numerical sequence of the receipt slips and reconciles the composition to the deposits.*
- A.2. *Checks are now restrictively endorsed as soon as they are received.*
- A.3. *The donation jar is now emptied daily and deposits of all monies are being made daily.*
- B. *We are now better monitoring our insurance policies to ensure no lapses in coverage occur.*

12. Senior Citizens Service Board Controls and Procedures
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The Senior Citizens Service Board received approximately \$118,000 in property taxes during the year ended December 31, 2000, its first full year in operation. The Board arranged for

various not-for-profit (NFP) organizations to provide services to county residents. Our review noted the following concerns:

- A. Collateral securities were not pledged by the Senior Citizens Service Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. The Boards' deposits exceeded the FDIC coverage by approximately \$25,600 and \$8,800 at January 16, 2001 and January 21, 2000, respectively. The Board was not aware that they should monitor bank account balances and ensure collateral securities are pledged for deposits in excess of FDIC coverage. Section 110.020, RSMo 2000, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave Board funds unsecured and subject to loss in the event of bank failure.
- B. The Board does not develop formal contracts with the NFP organizations. Instead, the NFPs submit annual funding requests to the Board and the Board approves funding levels on the basis of the information provided in the requests and verbal feed back from the NFP staff. In addition, the Board has not developed an effective method of monitoring the services provided by several of the NFP service providers. The NFP service providers attend the Board's meetings and provide verbal feed back regarding their operations and several nutrition centers are monitored on-site by Board members who also serve as a nutrition center board member. The following conditions each contribute to the difficulty the Board experiences in accomplishing appropriate monitoring:
 - 1. The Board considers the approved annual funding requests submitted by the NFP organizations to be the NFPs' contracts for the year. However, the requests do not always provide sufficient detail regarding the specific types or levels of service to be provided, the number of clients to be served, or an other measurable basis for determining if the funding requested is reasonable in relationship to the services the NFP plans to provide and are not an adequate basis for a formal contract.
 - 2. Some NFPs do not submit monthly or quarterly reports that detail the number of clients served or levels of service provided. Some of the NFPs did provide reports containing limited service information; however, the Board did not retain copies of the reports due to the lack of detail provided in the reports. In addition, the Board does not provide for periodic on-site monitoring by an independent party. As noted above, some Board members conduct on-site monitoring of nutrition centers; however, the Board members are also members of the nutrition center boards and are not an independent party.
 - 3. The Board makes semi-annual payments to each NFP based on the funding amount approved for the year. These payments are not based on reimbursement for actual services provided and the NFPs are not required to provide such documentation to be eligible for additional payments. Also, while the Board does require the NFPs to provide a cash balance schedule of

Board monies periodically throughout the year; we noted each NFP received additional payments even when they had significant cash balances on hand. For example, on January 17, 2001, the Board issued a semi-annual payment of \$10,000 to one NFP even though the NFP's cash balance was approximately \$5,400. The Board indicated that this agency required the distribution due to unusual circumstances; however, it does not appear that the distribution occurred when the NFP's cash balance was nearing depletion.

The lack of formal contracts, inadequate monitoring efforts, and informal payment methods used by the Senior Citizens Service Board do not provide adequate assurance as to how monies are being spent. At a minimum, formal written contracts should be prepared documenting the provision of specific services to residents of Morgan County or the number of clients to be served in exchange for funding provided by the Senior Citizens Service Board.

- C. As noted above, three Senior Citizen Service Board members also served on the boards of the Versailles or Laurie Nutrition Centers at the time those entities received funding from the Senior Citizen Service Board. These positions are strictly voluntary and no payment is provided for services rendered by the Board members. The Senior Citizen Service Board members indicated that they abstain from voting on issues related to the NFP's they serve; however, these abstentions are not documented in the Senior Citizen's Service Board minutes. This situation results in a potential conflict of interest.

To provide maximum assurance the Senior Citizen Service Board is acting independently and in the best interest of the taxpayers, no administrative or financial ties should exist between members of the Board and its funding recipients. Any abstentions should be clearly documented in the Board minutes.

WE RECOMMEND the Senior Citizens Service Board:

- A. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.
- B. Enter into written contracts which specify the amounts to be paid, the services to be provided, and the time period covered by the contracts and ensure payments made to NFPs are made in relationship to the levels of services provided and/or the number of clients served. In addition, the Board should provide for independent monitoring of NFP activities.
- C. Ensure members do not have administrative or financial ties with its funding recipients. Senior Citizens Service Board members who serve on the service providers' boards should either remove themselves from one of the boards or ensure that minutes of board meetings clearly indicate that they are abstaining from voting on funding requests and have no involvement in monitoring their NFP board's activities on behalf of the Senior Citizen Service Board.

AUDITEE'S RESPONSE

The Senior Citizens Service Board Chairman provided the following responses:

- A. This issue has now been corrected.*
- B. I will ask the Missouri Division of Aging to sign off on service referrals that are funded by the Morgan County Senior Citizens Service Board. The Board is also currently receiving monthly reports of the number of meals served to Morgan County residents by the nutrition centers. I believe that the current level of contract detail is sufficient due to the level of monitoring provided by the Missouri Division of Aging and the types of services provided by the various contractors.*
- C. Two of the Board members have resigned their positions on the nutrition center boards. The remaining Board member has retained his position on both boards; however, he ensures that he abstains from votes on issues concerning his nutrition center board and the Senior Citizens Service Board minutes clearly reflect those actions.*

This report is intended for the information of the management of Morgan County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

MORGAN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Morgan County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Neighborhood Improvement Districts

- A. The county included a maintenance levy in the special assessments levied to landowners of the Neighborhood Improvement Districts (NIDs).
- B. The County Collector withheld \$7,210 from special assessment collections for distribution to the Assessment Fund.
- C. The special assessments levied on property owners were not based on the final costs of the improvements for the NIDs, but also included estimated maintenance costs.
- D. The County Commission changed the special assessments for each NID annually based on changes in the assessed valuation or parcel counts.

Recommendation:

The County Commission:

- A. Discontinue the maintenance levy on all NIDs and refund all maintenance monies previously collected to the affected property owners. In addition, if the assessment of a maintenance levy is determined to be necessary, appropriate district petitions should be obtained or elections held authorizing such an assessment. If approved, any maintenance assessments should be levied and collected according to law after the applicable bonds have been paid in full.
- B. Review the issue of withholding assessment funding from special assessment collections and consider discontinuing any future assessment withholdings and refunding those amounts already withheld. If actual incremental assessment costs were incurred related to applicable NID projects it may be appropriate to include those costs in the special assessments apportioned to the landowners.
- C. Ensure special assessments are based on actual, documented costs in accordance with statutory provisions. In addition, the county should determine if any adjustments to

special assessment amounts for these NID projects are necessary when considering actual costs as compared to the costs included in the original assessments.

- D. Ensure special assessments are assessed to property owners in accordance with state law. This would require the commission to revise the assessment method to ensure the assessments are substantially equal.

Furthermore, if the County Commission decides to continue its current practices, a written legal opinion supporting its action should be obtained from the Prosecuting Attorney.

Status:

A&D. Not implemented. See MAR No. 1.

B. Implemented.

- C. Partially implemented. The County Commission calculated special assessments on three new NID's developed during the two years ended December 31, 2000. Those new special assessments appeared to be based on actual project costs and did not appear to include any maintenance costs in the project costs to be allocated to property owners within the NID boundaries. However, the County Commission did not make any adjustments to the special assessments of prior projects to remove the effects of maintenance costs included in the prior projects' special assessments. Although not repeated in the current report, our recommendation remains as stated above.

2. Budgetary Procedures

See our audit report on Morgan County, Missouri, for the two years ended December 31, 1998 (report number 99-108).

3. County Expenditures

- A. The County did not purchase patrol cars off of state contract, did not advertise for bids for the patrol cars and did not document efforts to obtain best price.
- B. The County purchased a used truck for an amount above NADA guide value and did not maintain documentation of all efforts to ensure pricing was fair.
- C. The County purchased land without an appraisal or an independent real estate agent's opinion as to the value of the land.

Recommendation:

The County Commission:

- A&B. Solicit and award bids for purchases in accordance with Section 50.660, RSMo Supp. 1997. Documentation of bids solicited and the county's justification for bid awards should be retained. If bids are not considered feasible, all efforts made to ensure the reasonableness and fairness of the price paid should be documented.
- C. Obtain an independent appraisal or opinion from an independent real estate agent as to the value of property acquisitions.

Status:

- A&B. Not implemented. See MAR No. 2.
- C. Partially implemented. While the County Commission did not obtain an independent appraisal or opinion from an independent real estate agent as to the value of a piece of property purchased during 1999, the commission did obtain the market valuation from the County Assessor, which approximated the \$84,000 purchase price. Although not repeated in the current report, our recommendation remains as stated above.

4. County Officials' Compensation

The salary commission raised all officials' salaries effective January 1, 1998, which resulted in several officials receiving a change in their salary rate during their term of office.

Recommendation:

The salary commission request a written legal opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 1998.

Status:

Not implemented. See MAR No. 3.

5. Associate Circuit Division's Accounting Controls and Procedures

- A. Accounting duties were not properly segregated.
- B. Open items listings were not always prepared for the civil and criminal accounts and consequently, liabilities were not reconciled with the book and reconciled bank balances.

- C. A reserve bond account was opened in January 1994 for bond monies received prior to 1990. No effort was made to determine the disposition of the funds, therefore, no bond monies had been distributed from this account.

Recommendation:

The Associate Circuit Judge:

- A. Ensure receipting and accounting duties are adequately segregated. If adequate segregation is not possible, at a minimum, independent reviews should be performed and documented as necessary.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. An attempt should be made to investigate the differences noted between the open items listings and cash balances.
- C. Ensure all monies in the reserve bond account are distributed to the appropriate funds or parties. For any amounts that remain unclaimed or unidentified, the monies should be disposed of through the applicable statutory provisions.

Status:

- A. Implemented.
- B. Partially implemented. Open items listings were not prepared during the audit period; however, the Associate Division began preparing open items lists subsequent to December 31, 2000. As of April 2001, open items lists were not yet completed for current months and a significant unreconciled cash balance remained on the civil account open items reconciliation. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. The reserve bond account was not reviewed by the court during the audit period. The Associate Clerk is now currently reviewing this account for case statuses so that the funds may be properly distributed. Although not repeated in the current report, our recommendation remains as stated above.

6. Health Center Depositing Procedures

The Health Center did not deposit monies on a timely basis or intact, and did not keep deposit records in sufficient detail to allow the reconciliation of receipts to specific deposits.

Recommendation:

The Health Center Board ensure deposits are made intact daily or when accumulated receipts exceed \$100 and the deposit records contain sufficient information to reconcile receipts to deposits.

Status:

Partially implemented. The Health Center now deposits approximately twice a week as needed based on monies received. However, receipt and deposit records still do not contain enough information to allow reconciliation of receipts to deposits. See MAR No. 11.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MORGAN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Morgan was named after General Daniel Morgan, a Revolutionary War hero. Morgan county is a county-organized, third-class county and is part of the 26th Judicial Circuit. The county seat is Versailles.

Morgan County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Morgan County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 550,391	17	531,050	16
Sales taxes	996,209	31	948,842	29
Federal and state aid	966,827	31	1,216,050	37
Fees, interest, and other	655,687	21	604,515	18
Total	\$ 3,169,114	100	3,300,457	100

The following chart shows how Morgan County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,266,062	42	988,565	37
Public safety	291,795	10	428,378	16
Highways and roads	1,453,519	48	1,247,096	47
Total	\$ 3,011,376	100	2,664,039	100

In addition, Morgan County received \$1,363,436 and \$1,078,281 of revenues in the Law Enforcement Sales Tax Fund including transfers from General Revenue Fund totaling \$358,061 and \$9,269, respectively and expended \$1,537,746 and \$1,022,762 from this fund for the purpose of law enforcement in the years 2000 and 1999, respectively.

The county maintains approximately 35 county bridges and 750 miles of county roads.

The county's population was 10,068 in 1970 and 15,574 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	184.2	178.2	106.8	30.7	17.6
Personal property		51.2	45.6	12.6	7.5	5.6
Railroad and utilities		26.1	24.1	20.8	14.5	7.3
Total	\$	261.5	247.9	140.2	52.7	30.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Morgan County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$.09	.11
Special Road and Bridge Fund*		.19	.19
Health Center Fund		.09	.09
Senate Bill 40 Board Fund		.05	.05
Senior Citizens Service Board Fund		.05	.05
Johnson Grass Fund		.00	.00

* The county retains all tax proceeds from areas not within road districts. The county has 5 road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 77,564	74,864
General Revenue Fund	306,156	360,669
Special Road and Bridge Fund and special road districts	575,144	556,208
Assessment Fund	110,716	104,813
Health Center Fund	460,732	445,812
Senate Bill 40 Board Fund	127,930	123,551
School districts	7,401,905	7,034,018
Library district	227,003	173,982
Ambulance districts	436,519	423,550
Fire protection districts	675,522	594,275
Nursing home districts	230,754	222,724
Johnson Grass Fund	273	399
Junior College	23,855	22,623
Senior Citizens Service Board Fund	124,228	112,492
Late assessment charge	8,791	5,154
Neighborhood Improvement Districts	377,722	389,782
Cities	28,787	29,408
Commissions and fees:		
General Revenue Fund	219,373	211,405
Total	\$ <u>11,412,974</u>	<u>10,885,729</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	90 %	91 %
Personal property	92	94
Railroad and utilities	100	100

Morgan County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0500	N/A	50 %
Law Enforcement	.0500	N/A	N/A

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Rodney Schad, Presiding Commissioner	\$	29,390	29,390
Bill Arment, Associate Commissioner		27,390	27,390
Alvin Nolting, Associate Commissioner		27,390	27,390
Donna Chasteen, County Clerk		41,500	41,500
Steve Concannon, Prosecuting Attorney		51,000	51,000
L.M. Earnest, Sheriff		46,000	46,000
Debbie Hutchison, County Treasurer		30,710	30,710
Gary Garber, County Coroner		14,000	14,000
Carmen Hayden, Public Administrator *		23,244	34,086
Clark Hunter, County Collector, year ended February 28 (29),	41,750	41,500	
Robert Raines, County Assessor **, year ended August 31,		42,400	42,400

* Salary paid in 1999 includes \$14,000 salary for 1998 paid in January 1999, \$14,000 salary for 1999 also paid in 1999, and fees received from probate cases. Salary paid in 2000 includes \$14,000 salary and fees received from probate cases.

** Includes \$900 annual compensation received from the state.

State-Paid Officials:

Barbara Barnard, Circuit Clerk and Ex Officio Recorder of Deeds	46,127	44,292
Patricia F. Scott, Associate Circuit Judge	97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000 is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	0
Circuit Clerk and Ex Officio Recorder of Deeds*	3	3
County Clerk*	3	0
Prosecuting Attorney*	4	0
Sheriff**	37	0
County Treasurer*	1	0
County Coroner	0	0
Public Administrator*	1	0
County Collector	2	0
County Assessor***	10	0
Associate Division	1	2
Probate Division	0	1
Road and Bridge	18	0
Health Center	15	0
Building & Grounds	2	0
911****	16	0
Total	<u>114</u>	<u>6</u>

* Includes one part time employee.

** Includes three part time employees.

*** Includes two part time employees.

**** Includes five part time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Morgan County's share of the 26th Judicial Circuit's expenses is 15 percent.

The county has established thirteen neighborhood improvement districts. During the two years ended December 31, 2000, the county issued temporary notes to finance the construction of the three newest districts' infrastructure. In addition, general obligation bonds which were issued to finance projects completed prior to December 31, 2000 had remaining principal and interest due at December 31, 2000 of \$3,425,000 and \$1,945,650, respectively. Although these are general obligation bonds of the county, special assessments will be levied on the property located in the districts to pay the debt principal and interest.

The county entered into a lease agreement with a not-for-profit corporation (NFP) on September 1, 1998. The terms of the agreement called for the NFP to issue bonds for the purpose of constructing a new justice center and for the NFP to lease the justice center back to the county for payments totaling the principal and interest due on the outstanding bonds. The bonds are scheduled to be paid off in 2014. The remaining principal and interest due on the bonds at December 31, 2000 was \$4,600,000 and \$1,959,819, respectively.